



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

| APPLICATION NO. | FILING DATE | FIRST NAMED INVENTOR | ATTORNEY DOCKET NO. | CONFIRMATION NO. |
|-----------------|-------------|----------------------|---------------------|------------------|
|-----------------|-------------|----------------------|---------------------|------------------|

10/810,012

03/26/2004

James C. Houghton

040150

7758

26285 7590 07/07/2009  
K&L GATES LLP  
535 SMITHFIELD STREET  
PITTSBURGH, PA 15222

EXAMINER

CAMPBELL, KELLIE L

ART UNIT

PAPER NUMBER

3691

MAIL DATE

DELIVERY MODE

07/07/2009

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

|                              |                                      |  |  |
|------------------------------|--------------------------------------|--|--|
| <b>Office Action Summary</b> | <b>Application No.</b><br>10/810,012 | <b>Applicant(s)</b><br>HOUGHTON ET AL. |  |
|                              | <b>Examiner</b><br>KELLIE CAMPBELL   | <b>Art Unit</b><br>3691                |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 27 April 2009.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 2-4, 8, 11 and 13-20 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 2-4, 8, 11 and 13-20 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. The following is a final Office Action on the merits in response to the reply filed on April 27, 2009. Claims 1-23 were originally pending. Claims 24-33 were added but restricted by original presentation. In the instant action, Claims 1, 5-7, 9-10, 12, and 21-33 are cancelled. Claims 2-4, 8, 11, 13, 15, 17, and 18 are amended. Thus, 2-4, 8, 11, and 18-20 are pending and presented for examination. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. **Therefore, the rejection of Claims 2-4, 8, 11, and 13-20 is a final rejection of the claims.**

### ***Assignment of New Examiner***

2. Kellie Campbell is now the assigned examiner for this application.

### ***Response to Amendment***

3. Applicant's cancellation of Claims 1 and 21 renders the 35 U.S.C. 101 rejection set forth in the previous Office action moot.

4. Applicant's amendments to claims 11 and 18 are sufficient to overcome the 35 U.S.C. 101 rejection set forth in the previous Office action. The rejection is here by withdrawn for remaining Claims 2-4, 8, 11, 13-17 and 18-20.

### ***Response to Arguments***

5. Applicant's arguments with respect to claims 2-4, 8, 11, 13-17 and 18-20

Art Unit: 3691

have been considered but are moot in view of the new ground(s) of rejection.

***Election/Restrictions***

6. The restriction requirement set forth in the previous Office action for Claims 24-33 based on election by original presentation is moot in view of the cancellation of Claims 24-33.

***Claim Rejections - 35 USC § 103***

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 2-8, **11 – 23** are rejected under 35 U.S.C. 103(a) as being unpatentable over Boes (U.S. Patent 5,193,056) in view of Bennett (U.S. Patent 5,761,441) and in further view of Anderson (U.S. Patent 6,064,985).

3. In respect to claim **2**, Boes discloses a non-U.S. domiciled investment fund (i.e. hedge fund)

In further respect to claim 2, these are just aspects of or clauses in the contractual agreement. Further, a contract represents at best printed matter, or non-functional descriptive material. Therefore, what is found in a contract will not differentiate a claim from the prior art that performs the claimed steps (*In re Ngai*, 367 F.3d 1336, 70 USPQ2d 1862 (Fed. Cir. 2004); *Ex parte Masham*, 2 USPQ2d 1647 (Bd. Pat. App. & Inter. 1987)).

4. In respect to claim **3**, Boes discloses a trading cycle at the beginning of every fiscal year (column 3, lines 62 – 67). Examiner notes that the subscription/redemption cycle of an investment fund can be at the beginning of a fiscal year.

5. In respect to claim **4**, these are just aspects of or clauses in the contractual agreement. Further, a contract represents at best printed matter, or non-functional descriptive material. Therefore, what is found in a contract will not differentiate a claim from the prior art that performs the claimed steps (*In re Ngai*, 367 F.3d 1336, 70 USPQ2d 1862 (Fed. Cir. 2004); *Ex parte Masham*, 2 USPQ2d 1647 (Bd. Pat. App. & Inter. 1987)).

Art Unit: 3691

6. In respect to claims **5**, **12**, **19**, and **22**, Boes discloses a book capital account that represents each tracking account's (e.g. fund's) total investment in the trading fund (e.g. portfolio) (column 3, lines 52 -61). Boes further discloses the respective share ownership of the tracking accounts (e.g. funds) in the portfolio being determined by its relative percentage of the total dollar amount of investments in the trading fund (e.g. portfolio). Thereafter, the tracking account's allocation percentage is adjusted through proper adjustments to the book capital account balances of the participating tracking accounts. The respective tracking account book capital accounts continually indicate the accurate relative ownership of the trading fund by each tracking accounts. Each tracking account's book capital account will be either increased or decreased by the amount of profit) or loss, respectively, allocated to the tracking account (column 3, lines 62 – 68 through column 4, lines 1 – 24).

7. In respect to claims **6**, **13**, **20**, **23**, Boes discloses calculating the allocation percentage of the trading account, as per the above claim 5 analysis. Boes discloses calculating allocation ratio by summing the total assets of each fund in the portfolio, and then dividing each funds assets by the total portfolio assets to find that funds percentage ownership (column 3, lines 5 – 16).

Boes does not explicitly disclose multiplying the revised contribution by the maximum leverage ratio, summing the leveraged contribution and dividing the leverage contribution by the sum of leveraged contributions for the tracking accounts.

The claims are however obvious since the claimed invention is no more than simple substitution of one known element for another, i.e. one mathematical formula for calculating the allocation percentage for another, or mere application of known technique to piece of prior art ready for improvement (*Ex parte Smith*, 83 USPQ2d 1509 (Bd. Pat. App. & Int. 2007)).

8. In respect to claims **7, 9, 10, 14, 16** and **17**, regarding the language of “when one of”, according to the MPEP “language that suggest or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation” (MPEP 2106, II, C).

9. In respect to claims **8** and **15** Boes discloses, as described in the above analysis of claims 5,12, 19 and 22, calculating the allocation percentage of each tracking account (column 3, lines 52 -61; column 3, lines 62 – 68 through column 4, lines 1 – 24).

Boes further discloses calculating the allocation percentage intra-cycle (e.g. daily) (column 4, lines 6 – 8).

10. In respect to claims **11** and **18**, Boes discloses receiving a contribution for each tracking account (e.g. 100% of the funds assets) (column 2, lines 1 – 2) at the start of the trading cycle (column 3, line 62). The fund contributes 100% of its assets to the portfolio on the funds first day as a portfolio investor. Examiner

Art Unit: 3691

notes that the first day as a portfolio investor can be the first day of the fiscal year, the trading cycle.

Boes further discloses determining the allocation percentage (e.g. allocation ratio) that each investor group (e.g. fund) has in the trading account (e.g. portfolio), (column 4, lines 44 – 61; column 3, lines 62 – 68 through column 4, lines 1 – 8) over a trading cycle (e.g. fiscal year) (column 3, lines 62 – 67; column 4, lines 59 - 61).

Boes does not expressly disclose a maximum leverage ratio.

However, Anderson teaches allocating funds to a portfolio based on a maximum leverage amount (Column 2, Lines 55-65, From the at-risk value, the amount of insurance needed to protect the at-risk value is also calculated, using a separate formula. A maximum amount which can be borrowed against the stock portfolio is also calculated, and this amount is used to purchase additional stock on margin. Covered calls are sold on the additional stock which is purchased, on margin, and the new at-risk value of the portfolio and level of insurance are recalculated). Therefore, it would have been obvious to a person having ordinary skill in the art at the time the invention was made to combine the teachings of Anderson with Boes in order to allow the investor to margin or safely borrow on the account to a high degree as long as the yield is higher than the interest paid so as to provide a double compounding or leveraging of the yield and prevent overexposure as taught by Anderson (Column , Lines )

### ***Conclusion***



Art Unit: 3691

11. The prior art made of record and not relied upon considered pertinent to

Applicant's disclosure:

- a. TheFreeDictionary.com (<http://legal-dictionary.thefreedictionary.com/partnership>) discloses that it **is old and well known to have a contractual agreement to form a partnership.**
- b. Walker et al. (U.S. Patent 5,794,207) discloses contractual agreements.
- c. InvestorWords.com ([http://www.investorwords.com/3835/prime\\_broker.html](http://www.investorwords.com/3835/prime_broker.html)) **discloses that it is old and well known to have a prime broker be an external lender for a hedge fund.**
- d. Conyers Dill & Pearman (<http://www.conyersdillandpearman.com/publications.cfm?Sub=5&Content=593>) discloses the Segregated Account Companies Act 2000, which teaches segregating accounts and limiting liability of each separate account, by either the Act or by contract.
- e. U.S. Securities and Exchange Commission (<http://www.sec.gov/investor/pubs/margin.htm>) discloses how purchasing on margin works.
- f. Kiron et al. (U.S. Patent 5,806, 048) discloses at least a "closed end fund of funds" that allows intra-day trading of funds, and investors being able to leverage investments.

Art Unit: 3691

g. Sunday (U.S. Patent Application Publication U.S. 2001/0030395) discloses at least putting up additional money or liquidating a position to cover a margin call.

h. Bennett (U.S. Patent 5,761,441) discloses at least a stock investment limited recourse borrowing contract.

Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to KELLIE CAMPBELL whose telephone number is 571-270-5495. The examiner can normally be reached on Mon - Thur, 9:00am - 5:00pm.

Art Unit: 3691

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, ALEXANDER KALINOWSKI can be reached on (571) 272-6774. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Alexander Kalinowski/

Supervisory Patent Examiner, Art Unit 3691